



STATEMENT OF DOUGLAS HORN  
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KBR, PRINCIPAL PROGRAM MANAGER, LOGCAP III  
BEFORE THE COMMISSION ON WARTIME  
CONTRACTING IN IRAQ AND AFGHANISTAN

March 29, 2010

Thank you distinguished members of the Commission. My name is Douglas Horn. I am a Vice President for Operations at KBR, and in this capacity I direct the management and support of KBR's government contracts within the Operations, Maintenance and Logistics Product Service Line to the Departments of Defense, State, Energy, and Homeland Security. This includes overseeing project management and the provision of support in our functional areas. I joined KBR in June, 2004, as the Deputy Program Manager for Operations for KBR's LOGCAP III program in the Middle East and Southwest Asia. I oversaw all operations, maintenance, logistics, construction, engineering, security, and training for KBR's LOGCAP III operations in eight countries for one year and then returned to become a leader in my Product Service Line.

I have spent my adult life serving this Country, having spent the entirety of my career before joining KBR in the Military. I am a retired Colonel of the U.S. Army Corps of Engineers. During my 29 and one half years of active duty, I had numerous deployments which included the Gulf War, multiple rotations in Bosnia-Herzegovina, and Haiti.

I hold a Bachelor of Science Degree in Industrial Technology from Texas A&M University, a Masters of Science Degree in Civil Engineering from the University of Colorado, and am a graduate of the U.S. Army Engineer Officer Courses, the U.S. Army Command and General Staff College and the National Defense University's Industrial College of the Armed Forces.

Throughout my career, both in the Military and now at KBR, I have had extensive operational experience with the issues the Commission is examining today, and I look forward to assisting the Commission in its important work.

To my right, I am joined by Guy LaBoa. Guy became the Principal Program Manager for LOGCAP III Middle East/Central Asia in December, 2008. He originally joined LOGCAP III in March, 2006, and had previously been the Program Manager and the Deputy Program Manager, Operations until July, 2007.

Guy also spent the vast majority of his career in the Military serving this country. He served for 35 years in the U.S. Army with assignments as Commanding General of the First U.S. Army and the 4th Infantry Division. Upon retirement from the Military in August, 1997, he worked with Ciba Vision Corporation as the Director of Dailies Contact Lens Manufacturing for four years. Guy served as a City Councilman for Dahlonega, Georgia for five years and resigned his seat on the Council to return to work with KBR and LOGCAP III in December, 2008. Guy has a Masters of Science, Public Administration, from Shippensburg State University and a Bachelor of Science, Commercial Marketing, from Northwestern State College and University.

We welcome the opportunity to appear here today to support the Commission in fulfilling its mandate of examining contingency contracting and identifying ways to improve the current expeditionary contracting system. KBR looks forward to helping the Commission identify lessons learned that can be applied to current operations as well as focused, actionable recommendations that will enable positive change of the contingency contracting process. KBR has worked with the Commission from the outset, providing it with requested information, providing testimony in past Commission hearings, and participating in meetings and briefings domestically and in Iraq, Afghanistan, and Kuwait. KBR recently welcomed the Commission

staff to our Houston offices for three days of detailed briefings, tours of our facilities, and Q & A. We very much value our ongoing, cooperative dialogue and discussion with the Commission, and are pleased to be here today.

KBR has been proud to serve the Government and the Military since World War II. Our service and support mission has taken us around the world to numerous hostile and austere environments. KBR is one of many contractors providing support to U.S. and Coalition forces, diplomats, and civilians in Iraq, Afghanistan, and elsewhere across the globe. In the Commission's invitation to testify, a number of topics were identified for discussion, all related to the transition from LOGCAP III to LOGCAP IV.

In my testimony today, I will focus on some of the specific transition-related issues identified by the Commission. Specifically, I will (i) describe KBR's efforts leading up to the transition and the current footprint in Iraq; (ii) describe some of the operational challenges we have encountered; (iii) discuss workforce sizing; (iv) discuss KBR's procedures, practices, and requirements for assessment of its own performance on contract matters related to increased efficiency and economy; (v) discuss ongoing issues related to the transition from LOGCAP III to LOGCAP IV; and (vi) provide our recommendations for improving contract support and contract management processes and procedures. Before addressing these specific topics, it is important to discuss the unique operational challenges inherent in a war zone, as well as the challenges posed by competing governmental priorities inherent in a contingency contracting environment.

In KBR's experience, the stability inherent in normal contracting process and execution is not possible in a warzone. This is certainly an issue that KBR, the Government, and the Commission should agree on. The structure and discipline of the contracting system is often at odds with the realities of the warzone operational environment – specifically, the Military's

constantly changing needs and requirements. As we discuss the transition and drawdown in this unique context, it is important to make clear that contractors cannot receive actionable direction or guidance from the client until the customers have finalized their plans, and until the Government translates the impact of those plans on contracted services. This lack of predictability of logistical needs in a warzone is simply a fact of life.

Another challenge we face is balancing the often competing priorities of the Military customer on the one hand, and the contractual oversight organizations on the other. Due to changing plans and conditions typical of Military operations, we have to react with speed and decisiveness to meet mission requirements and fulfill expectations. On the other hand, we are obligated to abide by and comply with the contract requirements, including the statement of work and contractual terms and conditions. In contingency contracting, the contractor often finds itself in the middle of these competing priorities. Both the Government and the contractor live by structured and disciplined contracting policies, procedures, and systems to ensure compliance with contractual requirements, but at times greater flexibility would better serve the service members by facilitating our ability to react. With this being the case, improving the process calls for lock-step coordination among the Military, contracting offices, contract management, and the contractor.

It is also important to keep in mind that although KBR is the only contractor here today, it is but one of many contractors facing these very same challenges.

## **(i) Overview**

First, I would like to set the stage for our transitional efforts by describing the history that brought us to this point and by providing an overview of the KBR footprint. Before we began the transition activities for the LOGCAP IV contract in 2009, KBR supported the Military's areas



of operation with a permanent presence in Iraq at 61 locations and base life support operations as needed in 105 locations. In Afghanistan, we had a permanent presence at 63 locations and provided rotational base life support at 34 locations. In Kuwait, we had a permanent presence at eight locations. Since that time, we have successfully transitioned the support work in Kuwait and are currently successfully transitioning the work in Afghanistan.

## **(ii) Challenges**

Next, it is important to address some of the challenges we have encountered. During the transition, we have experienced challenges due to the changing operational environment. We have been challenged to produce a precise execution plan during a period in which the Military is developing and adjusting its own plan. Our plan needs to be consistent with the Military's plan in order for our services to be provided when and where they are needed. In order for us to implement an execution plan, we must receive written contractual direction from the Contracting Officer. Without properly issued contract documentation we are unable to proceed.

Based on KBR's experience in closing 50 bases and transitioning seven others throughout the LOGCAP III area of operation, we know that closures and transitions are very fluid in nature. We appreciate that we are in a complex and often indefinite planning environment. To prepare meaningful plans to the precision expected for contractual accountability, we require definitive planning guidance from the Government on the location, infrastructure, level of service, and supported population. Lacking these details, KBR must make its own assumptions to continue its internal planning. However, KBR cannot finalize a supporting plan until we have a finite plan with the specifics of the Government requirements.

During the Iraq drawdown, KBR has three simultaneous and overlapping lines of operation: continuing services, base closures, and transition to other performance contractors

falling under a variety of contracting vehicles, including LOGCAP IV, the Air Force Contract Augmentation Program (AFCAP), and Joint Contracting Command, Iraq (JCC-I ) contracts. As resources must match the mission throughout the drawdown, a synchronized plan with the Government is critical to the successful provision of services. We continue to engage closely with the Government in coordination of our planning efforts.

### **(iii) Workforce Sizing During the Transition**

It is important to address how KBR manages its workforce sizing in Iraq, and the manner in which this is affected by changing operational requirements and Military force reductions. KBR has managed its support of the drawdown, and its workforce requirements, through a detailed, organized, process driven system. Our first priority was, and remains, to ensure we provide high quality logistical support during the entirety of the drawdown process. It is helpful to provide some historical context so that the Commission can properly appreciate how KBR has handled the sizing of its workforce.

On February 26, 2009, KBR received Contracting Officer direction to freeze hiring and staffing of all personnel in Iraq (including subcontract workers). This direction required KBR to freeze hiring and staffing of Task Orders 159 and 151 at the existing Basis of Estimate (BOE) levels and to fill all open, valid personnel requisitions first by reutilizing personnel displaced by base closures, then through use of in-theater job postings, and lastly via recruitment and mobilization. KBR has complied with this directive.

There are reports released to the public that seem to indicate that there should be a one-to-one relationship between the drawdown of U.S. Military forces and the drawdown of KBR logistical support personnel. In other words, for every soldier who leaves, an equal number of KBR personnel should also leave. These reports are simply wrong, and I would like to explain

why. At the beginning of 2009, the Government utilized approximately 400 locations in Iraq of which only 55 had a LOGCAP III presence. During 2009, when the U.S. Military reported it had reduced the number of sites in Iraq by more than 200, only 16 of those 200 plus “bases” closed were sites which had been supported by KBR. Many of the Military personnel stationed at smaller, more austere sites, were consolidated at larger KBR supported bases, resulting in an increase in Base Life Support and other KBR provided logistical requirements. In fact, logistical support requirements at some KBR supported sites have actually increased as Military forces consolidate from smaller, non-KBR supported sites, to larger, KBR supported bases. In summary, while there ultimately will be a total drawdown of KBR personnel, KBR is required to continue to support those service members who remain.

**(iv) KBR Assessment of its Performance - Related to Increased Efficiency and Economy**

With regard to measures of performance related to the drawdown, KBR measures its performance based on compliance with contractual requirements and tracks a long list of metrics and actions to ensure we meet expectations and commitments. To date, all base closures have been completed on time. With regard to performance against the contract, the Government convenes a “performance evaluation board” every month to evaluate KBR’s performance. With regard to KBR self-assessment, KBR has a Quality Control Plan against which it executes its work. The Government approved the Plan and audits KBR according to this Plan. For each year of LOGCAP III, KBR has, per the contract, updated and resubmitted the Plan to incorporate lessons learned from the prior year.

**(v) Coordination with Government Contracting Officials Related to Performance**

A continuing challenge for KBR is coordinating communications between various agencies and groups within the Government. The drawdown effort as it pertains to the LOGCAP

III contract requires input, coordination, and cooperation from many different Government organizations, including the Military leadership in theater, the Defense Contract Management Agency (both in the U.S. and in theater), the LOGCAP III program office, and the contracting officials. To keep pace with the rotations of Government personnel, we re-coordinate when key personnel rotate.

**(vi) Recommendations**

Finally, KBR appreciates the opportunity to be here today and to provide recommendations intended to improve the contingency contracting system going forward. While KBR provided a number of such recommendations in its statement for the record submitted in connection with the Commission's May 4, 2009, hearing, and has provided a number of recommendations in meetings and briefings with Commission staff, we think it is important to focus on one specific recommendation today – that the Government speak with one voice, particularly with regard to contract procurement practices and procedures, contract administration practices and procedures, and contract audit practices and procedures. KBR is currently supporting numerous agencies, and often experiences duplicative and at times competing direction, as various agencies attempt to perform their respective roles to provide contract oversight without any inter-agency coordination of their efforts. As KBR has noted in the past, and as the Commission noted in its Interim Report, it is critical that the Government speak with one voice. While the Commission's Interim Report focuses on the DCAA and DCMA speaking with one voice, it is critical that this include all Governmental entities at all points of a program or process impacting the theater of operations.

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KBR remains proud of the work it performs in Iraq and around the world, and of its support to the brave men and women we serve. Our employees perform their jobs in austere, unpredictable conditions at great sacrifice to themselves and their families. We appreciate the opportunity to be here today and to provide the Commission with our perspective on how the contingency contracting system may be improved going forward. We look forward to answering your questions.